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L7: Entry 21 of 21

File: USPT

May 5, 1998

DOCUMENT-IDENTIFIER: US 5749077 A

TITLE: Method and apparatus for updating and selectively accessing financial records related to investments

Detailed Description Text (2):

As used herein, the term "information unit" shall refer to a single piece of information which may be expressed in words, numbers or both. The information may include, for example identification of a dealer, a branch which is a specific location of a dealer, a one or more representatives who may have been involved in a transaction, the date of a transaction, the nature of the security involved, the selling price, the commission, applicable taxes, 12(b)1 fees, the quantity of securities transferred, the nature of the transaction, inventory amounts within an account, and other financial and related information.

Detailed Description Text (3):

As used herein the term "securities" shall expressly include, but not be limited to mutual funds, common and preferred shares of stock, whether listed on an exchange or not, corporate bonds, United States bills, notes and bonds.

Detailed Description Text (4):

While for purposes of simplicity of disclosure herein, where specific reference is made to a type of system, emphasis will be placed upon the processing of information relating to investment securities, the invention is not so limited and may be employed to process a wide range of financial and accounting type information. Within the context of the specific example, the various types of information which is delivered to the user responsive to user requests, may be employed as administrative tools in marketing and sales efforts, as well as investment product creation and legal compliance, for example.

Detailed Description Text (71):

Details of a preferred parallel processing system are shown in FIG. 8. It will be appreciated that the logic means has a pre-established hierarchy of levels which are presented in descending order of preference. In order to improve speed of processing, simultaneous or parallel processing will be employed. In essence, each level will seek data at its level and, if found, will deliver the data only if there is no data for a higher level. In this manner, data available for the highest level will be delivered to the exclusion of data from other levels. In a preferred approach, the highest level will be the narrowest or most specific level and it will with increased specificity progress to the lowest level which will be the broadest or most general level.

Detailed Description Text (72):

Another feature of the invention is to employ in certain categories a hierarchical structure which establishes a sequence of queries in the particular category such that, once a response is found, the other category items need not be explored further. The logic means create this third data selection without user input and stores the data in the list tables of FIG. 3. This may be employed, for example, in determining proper attribution of a sale of securities for purposes of record-keeping and commission payments. For example, in the transaction category, one might establish the following hierarchy:

Detailed Description Text (78):

This is set up so that the higher item is on the hierarchy, the more specific it will be, and satisfaction of a more specific inquiry means that one deliver more general information from a lower hierarchical category. For example, if one is seeking a particular event in the transaction category, upon getting a match at the transaction level, the system will deliver this information to the list table. Failure to get a transaction level assignment means that the account level is explored and, if an assignment exists, that is employed. This practice is followed

in descending order of preference through the branch level. Once an assignment is obtained, this information is delivered to a list table in FIG. 3. It is preferred to employ at least two of these fields in the hierarchy.

Detailed Description Text (91):

While the disclosure herein has made specific reference to the use of the system with mutual fund investment monitoring and record-keeping, it will be appreciated that the system may also be employed for various other types of other investment securities.

Current US Original Classification (1):

705/36

CLAIMS:

9. The data processing system of claim 8 including

said computer logic means employing in said categories in descending order of preference a transaction level, an account level, a fund level, a rep code level and a branch code level.

14. The data processing system of claim 8 including

said computer logic means employing in said categories in descending order of preference an account level, a fund level, a rep code level and a branch code level.

79. The method of claim 78 including

employing said hierarchical levels in descending order of preference a transaction level, an account level, a fund level, a rep code level and a branch level.

84. The method of claim 83 including

employing is said hierarchical levels in descending order of preference an account level, a fund level, a rep code level and a branch level.

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File: USPT

Jan 4, 2000

DOCUMENT-IDENTIFIER: US 6012043 A

TITLE: Computerized system and method used in financial planning

Brief Summary Text (26):

Thus, the questionnaire includes questions relating to age, sex, marital status, number of dependents, current yearly income, current health insurance, retiree health insurance, social security, customer's ability to handle investment risk (used in part to make an assumption for the rate of return investments could earn), defined benefit pensions and other employer sponsored savings plans available (e.g., 401 (K) and Keogh plans), current personal savings, current real estate and mortgage(s), life insurance, household loans and debts and other major anticipated expenses. The questionnaire also asks the customer to rank in order of preference the following steps that the customer could take to ensure a more comfortable life in retirement: (a) save more now; (b) work longer; and (c) reduce standard of living in retirement. Further, the customer is asked to specify the date (e.g., year) which the customer wishes to retire. The questionnaire can be customized for particular types of customers, e.g., all employees of a particular company, customers having a certain occupation, customers in a particular state or geographic region, etc.

Brief Summary Text (34):

The software used in retirement planning of the present invention estimates the customer's retirement income each year in retirement (e.g., from pensions, current savings, social security, etc.) and determines the additional retirement income still needed to obtain the total needed income (all in today's dollars). For example, if the customer's needed income averages \$43,600 over the whole retirement period, and the customer receives a \$32,800 a year pension on average, then the customer will still need an average of \$10,800 each year. The software then estimates the amount the customer should save per year, based upon a hypothetical rate of return on savings, to retire on the customer's desired retirement date.

Detailed Description Text (6):

Questionnaire: FIG. 2 illustrates a portion of the questionnaire 110 that a customer completes. As shown, the customer is asked to provide certain basic information concerning the customer and the customer's spouse. Such information includes, for example, marital status 210, name of the customer and the customer's spouse 220, respective dates of birth 230, gender of each spouse 240, and the year that the customer wishes to retire 250. The customer further provides a street address and home and work telephone numbers 260, and names and ages of dependent children 270. The customer is also asked questions related to Social Security 280.

Detailed Description Text (144):

2. Estimate total income available from sources other than savings each year in retirement. For example, Social Security, employer defined benefit pensions, other pensions already being received, rental income.

Current US Original Classification (1):

705/36

CLAIMS:

2. The expert system of claim 1 wherein the preference ranking orders the items (a) save more now, (b) work longer, and (c) reduce expenses in retirement.

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L8: Entry 11 of 11

File: USPT

Dec 30, 1997

DOCUMENT-IDENTIFIER: US 5704045 A

TITLE: System and method of risk transfer and risk diversification including means to assure with assurance of timely payment and segregation of the interests of capital

Brief Summary Text (2):

This invention relates to financial management systems and, more specifically, to data processing methodology for effecting an improved capital and security structure in an insurance or other financial enterprise.

Brief Summary Text (10):

Under the prior art, insurance policies have provided security to insureds based on and no greater than the general claims paying ability rating (the ability to pay claims) of an insurer to perform its obligations. Although reinsurance has sometimes been available, reinsurance policies likewise protect the insurer only to the extent of the reinsurance company's capacity to pay loss claims as they accrue.

Brief Summary Text (15):

Thus several problems exist which the prior art does not adequately address: i) the ability to transfer a single unique risk of large proportions; ii) access by investors to a system which allows them to accept a single unique risk or diversify their portfolios over a series of such risks; iii) a method of maximum assurance of timely payment to a party transferring risk as well as the segregation of interests of investors accepting such risks; among others.

Brief Summary Text (16):

Accordingly, the present invention addresses these problems by providing a system for transferring risks which are unique or difficult to place in existing markets, for providing investors a system of accepting a specific risk or a diversification of risk, and a means of assuring timely payment and the highest degree of security available.

Brief Summary Text (24):

This subsystem relies on the expertise of third party specialists using the data processing system to agree the acceptance of risk. As each risk is accepted, a contract is issued defining specific terms and transactional capital (under the care of independent custodians and sufficient to pay the maximum limit on the contract) is allocated through use of the data processing system to a statutory reserve account to support the agreement being issued. To further protect the interests of contractholders, a "statutory charge", "mortgage", or "security interest" is placed on the assets supporting the contract and is filed with appropriate government regulators.

Brief Summary Text (32):

The reserve management subsystem of the present invention involves a method of balancing the future cash flow liabilities of accepted risks, with the current interests of capital participants against the backdrop of changing interest rates and credit quality of investment portfolios. It involves a method of maintaining the statutory reserve position of each participant, the collective transactional capital support available to accept new risks in a variety of different currencies, and the liability of the entity to policyholders and other participants, by means of a computer-aided management information subsystem which also monitors the impact of changing interest rates and default rates on the reserves and the entity's capital structure.

Detailed Description Text (28):

vi) place a "charge", "mortgage", "lien", or other form of security interest on or claim against reserved assets supporting a particular accepted risk to the extent of its total maximum liability and filing an instrument with government recognizing

such security interest;

Detailed Description Text (29):

vii) reduce such security interest as the insurer-entity's liability with respect to a contract is diminished, subject to the conditions placed on the insurer-entity by rating agencies or consulting actuaries, and further subject to third party confirmation by independent public accountants or actuaries that after such reduction in segregated assets the insurer-entity is at all times capable of paying its total maximum liability on all contracts issued on a timely basis;

Detailed Description Text (36):

The present and preferred embodiment provides an additional means of coordinating the interaction of fiduciary custodians who act to safeguard reserved assets and to assist in claims-paying and other administrative functions; rating agencies who review the insurer-entity's compliance with system requirements, providing an independent assessment of the quality of security currently produced by the system; independent accountants and actuaries who ascertain that the risk acceptance and risk diversification subsystems are constantly in balance assuring the ability to timely meet the maximum of all obligations accepted by the insurer-entity; and the insurer-entity, by way of an integrated agreements between fiduciary custodians and the insurer-entity, subject to government approval. The key provisions of these agreements allow the insurer-entity to:

Detailed Description Text (38):

ii) segregate the notional value of reserved assets held by a custodian into two parts, one representing notional value which is charged or has a security interest placed thereon to support specific contractual obligations, and the second part being the balance of the assets which are not subject to a perfected security interest;

Detailed Description Text (39):

iii) restrict the investment quality and type of securities to which reserved assets subject to a security interest may be invested;

Detailed Description Text (40):

iv) provide claims and other payments from reserved assets subject to security interest, which assures compliance with underlying contractual terms and assures the highest degree of safety and security in the transfer of such payments;

Detailed Description Text (41):

v) change securities representing reserved assets subject to security interest subject to confirmation by rating agency(ies) and accountants or actuaries that the insurer-entity after such change has complied with required provisions and is fully capable of meeting the maximum of its obligations on a timely basis; and

Detailed Description Text (42):

vi) recognize a reduction in contractual liability and reducing reserved assets subject to security interest, subject to confirmation by rating agency(ies) and accountants or actuaries that the insurer after such reduction has complied with required provisions and is fully capable of meeting the maximum of its obligations on a timely basis.

Detailed Description Text (51):

The underwriter's primary task is the analysis of risks, establishment of policy limits, determination of appropriate premiums, and recommendation of policy issuance. Upon receipt of a request for quotation, (4) a detailed report analyzing the proposed risk is prepared with the assistance of a data processing program which compares the proposed risk to a set of underwriting guidelines broadly designed to assure compliance with specific program objectives, capital matching limitations, and system constraints. A key element of this comparative data system is an interactive pricing model which takes into consideration program guidelines, current and projected market interest rates, an assessment of projected losses, equity and debt return expectations, various cost and profit objective factors and other information necessary to determine the amount of capital matching support required to accept the proposed risk and the minimum premium level which would justify its acceptance. It also analyzes the underwriter's current portfolio of business and capital matching capacity. (5)

Detailed Description Text (61):

In the event a loss occurs under the terms of a policy or the insurer-entity is otherwise required to make a payment under the terms of a contract, the policy terms will determine specific documentation which must be provided the insurer-entity or a custodian as its paying agent. Once received and verified for compliance with policy

- provisions, the custodian will make such payment, reducing the amount of funds allocated from the appropriate reserve supporting the specific policy. The insurer-entity will have instituted within its custodial agreements a method of investment which assures that securities held to support these policies mature into liquid form available for payment at the earliest date a disbursement might be required under each policy.

Detailed Description Text (68):

The present embodiment wholly matches the maximum exposure with funds to support the risk. It will not accept the counterparty risk of an investor who promises to invest more if losses exceed the initial investment or the risk of failure of a reinsurer to pay if called upon. Secondly, investors have a variety of choices, like on an exchange, of the specific risks they assume, can rely on underwriters or investment managers' underwriting allocation performance to diversify their portfolios, or select their own diversification profile.

Detailed Description Text (74):

b) the investors, lenders, reinsurers, or other risk takers who use these structures--General Assets may be transferred to Reserved Assets or third parties can deal directly with the insurer-entity through its Reserved Assets substructure, without going through the General Assets substructure. The initial difference in the two substructures is the security aspects afforded Reserved Assets. By statutory means, the priority of claims upon assets is altered. The insurer-entity can subdivide Reserved Assets into any number of accounts for tracking the insurer-entity's obligations to various parties including to its General Assets substructure, providing ease of regulatory inspection and reporting. The insurer-entity upon creation of an account within its books of account prepares a document setting out the uses and purposes of the account; records the quantum of funds allocated to the account, the maximum period such funds may remain allocated thereto, any compounding rate at which additional funds might be credited to the account, and types of investment risk to which such funds could be subjected; the type of risks and/or parties for whose risks such funds could be supportive; the terms under which funds could be reallocated to other reserve accounts, for allocations representing professional fees, administrative fees, returns of collateral, reductions for transfers to participants hereafter referred to as "transactional capital participants", and transfers to General Assets (FIG. 6). Upon the issuance of a policy, the insurer-entity takes the additional step of placing a "security interest", filed with government, on a portion of the insurer-entity's Reserved Assets, which has the effect of blocking the reduction of any funds allocated to a reserve account, except for payment of claims or contractually obligated payments, until a reduction of liability is properly certified. Reserved Assets are thus subject to specified use, protected from the claims of general creditors in the event of a liquidation or bankruptcy of the insurer-entity, and may only be used as per the instructions attached to each reserve account.

Detailed Description Text (75):

The substructure further involves the placement of securities and other assets identified as Reserved Assets in the care of government approved financial custodians. Although specific securities may be identified to specific reserve accounts the present embodiment anticipates the assets allocated to such accounts will generally represent a portion of the assets maintained as Reserved Assets, held by several custodians.

Detailed Description Text (79):

The subsystem is also designed to permit the sale of the effect of reductions in liability emanating from a particular reserve account, or any number of derivative type instruments representing portions of future cash flows of Reserved Assets. These segregated securities are sold to investors, with the sales proceeds remaining within the Reserved Assets substructure for the benefit of primary shareholders or be transferred to the General Assets substructure for further use or distribution to primary shareholders.

Detailed Description Text (84):

Intermediaries bring prospective risk transfer participants to the risk acceptance subsystem, while investment bankers bring prospective investors to the risk diversification subsystem, whether the General Assets substructure as a prospective primary shareholder or to the Reserved Assets substructure as a prospective preference shareholder, debt/annuity holder, underwriting member, or segregated securities holder, collectively, transactional capital participants. There compensation is generally commission oriented.

Detailed Description Text (92):

In transferring funds to an insurer-entity, a transactional capital participant may

receive any of four financial instruments emanating from the Reserved Assets substructure: i) preference shares, ii) debt/annuities, iii) underwriting member contracts, or iv) segregated derivative securities. Each reserve account may have funds allocated through any one of the above or a combination thereof.

Detailed Description Text (105):

The present system provides for a means of permitting the supplier to indirectly participate in the property catastrophe market when insurance capacity is limited and premiums are high, and be out of the market when rates are low and capacity in abundance. This is accomplished by the supplier's selecting an investment manager to annually allocate the supplier's transactional capital funds transferred to the insurer-entity, based on prescribed guidelines. For instance, the reserve agreement require the \$100 million be invested in short-term government securities while supporting insurance risks. During those periods where the investment manager elects not to support insurance risks due to low premium levels, a variety of alternate investments might be permitted, thus maximizing potential returns on the supplier's transactional capital.

Detailed Description Text (118):

All funds transferred into the insurer-entity's Reserved Assets must be placed with independent custodians and invested pursuant to strict investment guidelines. These restrictions vary within the overall portfolio. For instance, at a given point in time, the portfolio may be required to have 58% of total assets invested in U.S. dollar government securities at a minimum yield of 6.75%, with the balance invested in other assets with a differing yield component. This could change daily as the insurer-entity accepts new underwriting risks, pays claims, interest rates rise or fall, or a variety of other factors affect the liabilities of the insurer entity to policyholders, capital and debt participants, professionals, and other parties.

Detailed Description Text (119):

The reserve management subsystem tracks these assets, allocates them among various custodians, and assures that minimum investment standards are maintained within the portfolio.

Detailed Description Text (120):

The protection of reserved assets in accordance with the present invention by law, by custodial service or otherwise provides for a hierarchy of preferences should the reserved assets, in an unlikely event, be attached by a litigant, creditor or other or should the entity including its reserved assets be liquidated in a legal proceeding. In any of these cases, the order of preference provides for claims made under policies to be paid first followed by fiduciaries, custodians and other professionals and intermediaries (See FIG. 6). Transactional capital participants are paid last with any monies remaining going into general assets.

Detailed Description Text (124):

Risk acceptance reserves allow the insurer-entity to allocate specific policy liabilities to a particular reserve; then match those liabilities through loss reserves, sourced from premium, and capital and/or debt support, each accreting at notional rates sufficient to accrue enough funds to meet each liabilities as it becomes due. As policies are issued, a "charge" or "security interest" is placed on the insurer-entity's Reserved Assets in an amount equal to these present value amounts and their future increases based on notional compounding rates. Thus a portion of the enterprises current assets and future investment earnings is dedicated and matched to each policy obligation incurred. For instance, a policy issued to insure a \$10 million residual value of an aircraft in 15 years, would only require the insurer-entity to set aside \$3,624,460, at a notional compounding rate of 7%. The insurer-entity would "charge" its Reserved Assets being a \$3,624,460 present value charge accreting at 7% for 15 years, for a future value charge of \$10 million.

Detailed Description Text (129):

Amounts allocated to these reserves may be accounted for on a notional cost basis accreting at prescribed rates, or on a mark-to-market basis indexed to specific types of securities. Although specific securities may be identified to a specific reserve, generally amounts allocated to reserves represent an internal allocation of the insurer-entity's Reserved Assets. In essence, all funds held by custodians, represent the quantum of Reserved Assets of the insurer-entity. Amounts allocated to these reserves represent not only respective interests in the current value of assets held by these custodians, but also the future revenues generated by the portfolio.

Detailed Description Text (135):

Another function of the subsystem is to assist in asset quality surveillance and

report degradation of assets within the insurer-entity's portfolio. The surveillance function will focus on investment portfolio mix to monitor diversification of AAA government issuers, debt obligation types, and to assure that at all times, the insurer-entity's investment portfolio is capable of supporting the payment of a total loss on the aggregate to the insurer-entity's policy obligations, matched to currency and maturity.

Detailed Description Text (136):

Finally, one of its primary reporting functions is to not only report, but assure compliance with the insurer-entity's sophisticated capital matching system. Any changes in assets within the Reserved Assets portfolio must be subject of various certifications and procedures which permit the reserve management subsystem to continuously report that all obligations of the insurer entity, present and in the future, are capable of being fully and completely satisfied from Reserved Assets.

Current US Original Classification (1):

705/35

CLAIMS:

9. The method of claim 1 further comprised of:

creating and storing in interactive pricing model which takes into consideration program guidelines, current and projected market interest rates, an assessment of projected losses, equity and debt return expectations, various cost and profit objective factors, and other information necessary to determine the amount of capital matching support required to accept the proposed risk and the minimum compensation level for accepting the risk; and

the step of analyzing an entity consultant's current portfolio of business and capital matching capacity.

18. The method of claim 1 further comprised of:

electronically creating and storing an interactive pricing model which takes into consideration program guidelines, current and projected market interest rates, an assessment of projected losses, equity and debt return expectations, various cost and profit objective factors, and other information necessary to determine the amount of capital matching support required to accept the proposed risk and the minimum compensation level for accepting the risk; and

the step of analyzing an entity consultant's current portfolio of business and capital matching capacity.

22. The method in accordance with claim 1, further comprising

profiling capacity and other reporting an analytical functions supported by digital computer and a comparative data processing means;

electronic means of determining the amount of risk acceptance capacity available within the system categorized by type of program, entity consultant, currency, and a variety of other categories which alert participants within the system to both opportunities to accept additional risk including means of determining the need to acquire additional capital and debt support to continue accepting risk at predetermined levels;

electronic means of monitoring changes in interest rates which could increase or decrease risk acceptance capacity, as well as provide opportunities to trade assets there profiting from market movements; and

electronic means of asset quality surveillance and reporting of degradation of assets within the entity's portfolio, monitoring investment portfolio mix for diversification of AAA government issuers, debt obligation types, and assurance that at all times, the entity's investment portfolio is capable of supporting the payment of obligations, matched to currency and maturity.

23. The method of claim 1 including

a step to assure compliance with the entity's risk to capital matching system requiring that any changes in assets within the reserved assets portfolio are subject to various certifications and procedures which permit the reserve management subsystem to continuously report that all obligations of the entity, present and in the future, are capable of being fully and completely satisfied from reserved

. assets.

35. The contract issuance system of claim 32, where upon receipt of compensation, creation of reserve accounts, and allocation of assets sufficient to fully and completely satisfy the obligation of the contract further means include:

electronic means including a digital computer system including a printer are used to prepare the risk acceptance contract accepting risk in a specified amount against a specified risk occurring during a given time period; and

electronic means of filing a security interest on the assets of the accepting entity with appropriate government offices.

43. The system of claim 39 further comprising

a means of selling future interests in cash flows of the entity, future reduction in liability emanating from a particular reserve account or other derivative securities, based on the performance of a specific risk, a type of risk, a group of risks, performance of risks accepted through one or more entity consultants, performance of one or more investment managers, or any combination of factors.

44. The system of claim 39 further comprising:

a means of packaging financial instruments whose use may be restricted and limited to and return based on specific criteria, providing a capital provider maximum flexibility in design and diversification; and

a means of providing capital providers custom portfolio diversification marketed through investment bankers and other intermediaries.

46. The system of claim 39 further comprising:

a means for market professionals analyzing gaps in an capital provider's portfolio and the types of securities which would maximize a capital provider's overall portfolio's performance, as well as the types and quality of risks which the capital provides is prepared to accept, then custom designing one or more contracts to fill these gaps; and

a means of providing flexibility of portfolio diversification for capital providers, from virtually no diversification in supporting a single risk, to the maximum diversification of a capital provider providing funds through one or more financial instruments, designed to support many risks, or different types, limiting the amount of any one risk to a small amount of the overall portfolio.

49. The system of claim 24 further comprising:

electronic means of determining the amount of risk acceptance capacity available within the system categorized by type of program, entity consultants, currency, and a variety of other categories which alert participants within the system to opportunities to accept additional risk, and for determining the need to acquire additional capital and debt support to continue risk acceptance at predetermined levels;

electronic means of monitoring changes in interest rates which could increase or decrease risk acceptance capacity, as well as provide opportunities to trade assets thereby profiting from market movements; and

electronic means of asset quality surveillance and reporting of degradation of assets within the entity's portfolio, monitoring investment portfolio mix for diversification of AAA government issuers, debt obligation types, and assurance that at all times, the entity is capable of supporting the payment of a total loss on the aggregate of the entity's contract obligations, matched to currency and maturity.

54. The system of claim 52 further comprising:

a means of internal staff administering and supervising the involvement of various system participants, maintaining the internal data processing systems, programs, and communication links, and generally encouraging a marketplace usage approach to the acquisition of new business;

a means of developing new uses of the system;

a means of facilitating capital matching between entity consultants and investment

. managers through direct electronic access to information between the parties; and

an electronic comparative means which aids entity consultants in completing their capital support profiles for the acceptance of a specific risk or for annual program capacity to write a particular type of risk, negotiate a portion of future profits or agree on agreed rates of return for funds to support these risks, by electronically publishing these opportunities to selected investment managers or directly to capital participants, along with a comparative analysis highlighting certain of these opportunities which could fill gaps in a portfolio or diversification profile.

61. The system of claim 24 where the entity is modified in structure of and laws to which an entity is subject by altering the legislation of the jurisdiction under which the entity is governed, which includes:

a means of placing a "charge", "mortgage", or other form of security interest on reserved assets supporting an accepted risk to the extent of its total maximum liability and filing an instrument with government recognizing such security interest.

62. The system of claim 24 where the entity is modified in structure of and laws to which an entity is subject by altering the legislation of the jurisdiction under which the entity is governed, which includes:

a means of reducing such security interest as the entity's liability with respect to a contract is diminished, subject to the conditions placed on the entity by rating agencies or consulting actuaries, and further subject to third party confirmation by independent public accountants or actuaries that after such reduction in segregated assets the entity is at all times capable of paying its total maximum liability on all contracts issued on a timely basis.

70. The system of claim 24 further comprising:

a means of segregating the notional value of reserved assets held by a custodian into parts, one representing notional value which is charged or has a security interest placed thereon to support specific contractual obligations, and the second part being the balance of the assets which are not subject to a perfected security interest.

71. The system of claim 24 further comprising:

a means of restricting the investment quality and type of securities to which reserved assets subject to a security interest may be invested.

72. The system of claim 24 further comprising:

a means of providing claims and other payments from reserved assets subject to security interest, which assures compliance with underlying contractual terms and assures the highest degree of safety and security in the transfer of such payments.

73. The system of claim 24 further comprising:

a means of changing securities representing reserved assets subject to security interest subject to confirmation by rating agency(ies) and accountants or actuaries that the entity after such change has complied with required provisions and is fully capable of meeting the maximum of its obligations on a timely basis.

74. The system of claim 24 a further comprising:

a means of recognizing a reduction in contractual liability and reducing reserved assets subject to security interest, subject to confirmation by rating agency(ies) and accountants or actuaries that the entity after such reduction has complied with required provisions and is fully capable of meeting the maximum of its obligations on a timely basis.